

E-File: May 6, 2009

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[Proposed] Attorneys for Debtors and  
 Debtors in Possession

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re:

Case No.: BK-S-09-14814-LBR  
 (Jointly Administered)

THE RHODES COMPANIES, LLC, aka  
 "Rhodes Homes," et al.,<sup>1</sup>

Chapter 11

Debtors.

Affects:

☒ All Debtors☐ Affects the following Debtor(s)

Hearing Date: May 15, 2009

Hearing Time: 1:30 p.m.

Courtroom 1

<sup>1</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

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**DECLARATION OF PAUL DAVID HUYGENS IN SUPPORT OF SUPPLEMENTAL  
STATEMENT RE MOTION FOR AUTHORIZATION TO PAY SALARY TO JAMES M.  
RHODES**

I, Paul David Huygens, declare as follows:

1. I am a Principal of Province Real Estate Advisors LLP (“Province”), which is acting as work-out consultant to the Debtors. The facts set forth in this Declaration are personally known to me and, if called as a witness, I could and would testify thereto.

2. Province provides real estate advisory services, investments, portfolio workouts and asset management for real estate companies located primarily in Southern Nevada.

3. Prior to founding Province, I was the Debtors’ chief financial officer for three years from 2004 through 2007. I was responsible for all areas of finance, accounting and treasury, including cash management, sourcing and closing debt transactions. I also worked extensively with managing equity partner relationships and oversaw the areas of sales, marketing, escrow, financial analysis and golf course and trade subsidiary performance.

4. This declaration is submitted in support of the Debtors’ *Supplemental Statement Re Motion For Authorization To Pay Salary To James M. Rhodes* (the “Motion”), which is being submitted concurrently herewith.

5. In 2006, Pinnacle Grading, LLC (“Pinnacle”) was (and still is) headquartered in Kingman, a small town in Arizona, and was performing extensive grading and excavation work. Many of Pinnacle’s employees (the “Employees”) lived in, and commuted from, California and were unwilling to obtain a second home in Kingman. Furthermore, Kingman had a small rental community and there was insufficient rental property to house the Employees. Additional housing was needed for the Employees, but there was no provision in the credit agreements with the secured lenders for Pinnacle to purchase or build rental property.

6. In order to solve the Employees’ housing problem, in late 2006 James M. Rhodes purchased three houses (the “Houses”) in Kingman in order to be able to provide affordable and convenient housing for the Employees. Mr. Rhodes obtained 30-year mortgages

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1 (the "Mortgages") from Countrywide Mortgage in order to purchase the Houses. Since late  
2 2006, various Employees continually have been living in the Houses.

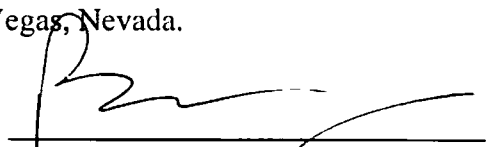
3 7. Mr. Rhodes leases the Houses to Pinnacle, which then allows certain  
4 Employees to live in the Houses as part of their compensation. Pinnacle pays aggregate rent (the  
5 "Rent") on the three Houses of approximately \$4,000 per month, which by design is the same  
6 amount as Mr. Rhodes' monthly payments on the Mortgages. As a result, Mr. Rhodes does not  
7 receive any profit on the Rent. Indeed, the Rent does not cover the maintenance costs of the  
8 Houses. The Rent is market rent for Kingman.

9 8. Instead of paying the Rent to Mr. Rhodes, Pinnacle pays the Rent to  
10 Countrywide Mortgage, which payments (the "Rental Payments") are applied towards Mr.  
11 Rhodes' monthly payments on the Mortgages.

12 9. The Rental Payments are reflected in the 13 week budget attached as  
13 Exhibit A to the Final Stipulated Order authorizing the Debtors' use of cash collateral [Heritage  
14 docket number 126].

15 I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true  
16 and correct to the best of my knowledge, information, and belief.

17 Executed this 6<sup>th</sup> day of May, 2009, at Las Vegas, Nevada.

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19 Paul David Huygens  
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